

Assembly Bill No. 3

Passed the Assembly May 10, 2001

Chief Clerk of the Assembly

Passed the Senate May 9, 2001

Secretary of the Senate

This bill was received by the Governor this _____ day of
_____, 2001, at _____ o'clock __M.

Private Secretary of the Governor



CHAPTER _____

An act to add Section 739.4 to the Public Utilities Code, relating to public utilities, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 3, Wright. California Alternate Rates for Energy or CARE program.

(1) Existing law requires the Public Utilities Commission to establish a program of assistance to low-income electric and gas customers, which is referred to as the California Alternate Rates for Energy or CARE program.

This bill would require CARE program funds to be used to provide any natural gas customer, as specified, who enrolls in the CARE program during a specified period of time, the same one-time bill credit based on the amount of each gas corporation's average CARE customer discount applied during specified months.

This bill would require the commission to adjust CARE program income requirements annually, as specified, to impose certain requirements on electrical and gas corporations to facilitate better penetration rates for the CARE program, and protect low-income and senior households from unwarranted disconnection of necessary electric and gas services, and to conduct targeted outreach about the program. Because a violation of an order of the commission is a crime under existing provisions of law, this bill would create a state-mandated local program by expanding the definition of a crime.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(3) This bill would declare that it is to take effect immediately as an urgency statute.



The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) Commencing in the summer of 2000 and continuing to the present, wholesale prices for electricity have skyrocketed in California.

(2) Since November 2000, natural gas prices have increased significantly.

(3) The extraordinarily high costs of electricity and natural gas are threatening the economic well-being of the state.

(4) Low-income and senior households, who spend a disproportionate portion of their income on energy costs, have been particularly affected.

(5) The energy burden borne by low-income and senior customers is greater than the energy burden of most other households in California. California low-income households spend approximately 10 percent of their incomes on energy bills, compared to the average energy burden of 2.9 percent for a median-income household.

(6) Under the California Alternate Rates for Energy program (CARE), low-income customers are eligible to receive gas and electric services at a discounted rate.

(b) It is therefore the intent of the Legislature to protect low-income and senior customers from the impacts of skyrocketing energy rates and to enact legislation to increase the CARE penetration rate, to look at other means to expand the program to all eligible low-income and low-income senior customers, and to encourage energy conservation by all customer classes.

SEC. 2. Section 739.4 is added to the Public Utilities Code, to read:

739.4. (a) Any natural gas customer who enrolls in the CARE program after the effective date of this section, but before October 1, 2001, shall receive the same one-time bill credit based on the amount of each gas corporation's average CARE customer discount applied for each month in October 2000 to March 2001, inclusive. The credit does not apply to a customer who initiates service with a gas corporation after the effective date of this section, and who has no prior history of service with the gas

corporation. CARE program funds shall be used for the purpose of providing these credits. The commission shall adjust CARE program income requirements annually to reflect the increased cost-of-living due to inflation.

(b) The commission shall require all electrical and gas utilities through which CARE program rates are available to do all of the following, in multilingual formats to the extent printed and recorded information is provided, to facilitate better penetration rates for the CARE program and to protect low-income and senior households from unwarranted disconnection of necessary electric and gas services:

(1) Provide an outgoing message on all calls, where the customer is seeking to establish service or is put on hold, to customer service lines that briefly describes the CARE program in standard language approved by the commission, and that provides a toll-free phone number for customers to call to subscribe to the program or for further information.

(2) Provide information to customers about the CARE program and facilitate subscription to CARE, on all calls in which customers are making payment arrangements, on all collections calls, and on all calls for reconnection of service.

(3) (A) Provide information about the CARE program and other assistance programs, and attempt to qualify customers for CARE, and provide information about individual payment arrangements that allow customers to pay the amounts due over a reasonable period of time, not to exceed 12 months, and attempt to enroll customers in a payment arrangement program, before effecting any disconnection of service for nonpayment or inability to pay energy bills in full.

(B) (i) Offer individual payment arrangements to customers so that the customer is able to pay amounts due over a reasonable period of time, not to exceed 12 months.

(ii) Prohibit the disconnection of customers that have made, and are in compliance with, payment arrangements offered by an electric or gas utility pursuant to this subparagraph.

(C) Prohibit the disconnection of a delinquent residential customer for amounts due in which the electric or gas utility receives a commitment pledge, letter of intent, purchase order, or other notification that a provider of energy assistance is forwarding payment sufficient to prevent disconnection.



(D) (i) Advise residential customers facing disconnection or who contact the utility to make payment arrangements of the levelizing payment program that allows them to pay a monthly average bill based on 12 months usage.

(ii) Advise residential customers about enrollment in the levelizing payment program in conjunction with completion of payment arrangements, payment under terms of subparagraph (B), or at the customer's request absent those arrangements.

(E) Nothing in this paragraph is intended to reduce the revenues of any utility extending payment arrangements subject to the terms of the paragraph.

(4) Provide information on customer bills, presented in a conspicuous manner on a front facing page, that indicates that a customer may be eligible for the CARE program. This notice shall be provided quarterly on customer bills.

(c) The commission shall conduct targeted outreach about the program using census block data to effectively target low-income and senior households throughout the state.

(d) CARE program funds shall be used for the purposes of paragraph (3) of subdivision (b) and outreach pursuant to subdivision (c). The commission's costs for outreach pursuant to subdivision (c) may not exceed five hundred thousand dollars (\$500,000) above the amount that the commission currently expends on similar activities related to the CARE program. Energy corporations may recover all reasonable costs from the CARE program funds of implementing this section.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order that low-income and senior customers be protected from the extraordinarily high electricity and gas prices as soon as possible, it is necessary that this act take effect immediately.



Approved _____, 2001

Governor

